



## *Policy Brief*

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### **THE IMPORTANCE OF MENTAL HEALTH PARITY**

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#### **Overview**

This brief gives an overview of the concept of mental health parity, i.e. regarding mental health as a co-equal with other forms of health care (e.g., medical, dental).

In particular, this brief outlines an important piece of legislation, the Senator Paul Wellstone Mental Health Equitable Treatment Act of 2005, which would strengthen existing laws on mental health parity.

ACU supports the concept of mental health parity as essential to realizing the goal of a health care system that provides comprehensive care to all.

#### **What Clinicians Can Do:**

- Educate themselves about the Senator Paul Wellstone Mental Health Equitable Treatment Act of 2005
- Contact their Congressional representatives and urge them to support mental health parity
- Learn to recognize the mental health needs of their patients and treat or refer them to a psychologist, psychiatrist, or social worker as appropriate
- Understand the importance of mental health care as part of a health care system that delivers comprehensive care
- Recognize that health insurance, or the lack thereof, is a major factor in determining whether or not an individual is able to obtain the mental health care services they need
- Appreciate the fact that a person may be adequately insured for their medical needs, but may altogether lack insurance for their mental health needs
- Apply ACU's Transdisciplinary Care Model to meet the mental health needs of your patients

#### **Background**

Of the 44 million Americans with mental illness who are insured, many have insufficient mental health benefits and receive inadequate treatment, costing society \$115 billion annually.<sup>1</sup> Health insurers rely on society's stigmatization of the mentally ill to justify imposing stricter coverage limits for mental health versus medical care.

<sup>1</sup> Gillian Friedman. The Case for Mental Health Parity. *Ability Magazine*.  
[http://abilitymagazine.com/mental\\_health\\_parity.html](http://abilitymagazine.com/mental_health_parity.html)

Today, despite numerous advances in the understanding and treatment of mental illness, insurers have been slow to cover mental health benefits on a par with other medical care. While some 34 states have passed mental health parity legislation, these laws are both broad and inapplicable to employees with insurance through a self-insured employer.<sup>2,3</sup>

The first discussions on mental health parity began in Congress in 1993, and led to the passage of the Mental Health Parity Act of 1996 (MHPA).<sup>4</sup> Unfortunately, while the MHPA mandated equal annual and lifetime benefit dollar caps for mental health and other medical services, it continued to allow unequal treatment limits (e.g., the number of allowable therapy visits or days of inpatient stays), and unequal copayments and coinsurance for mental health.

With the MHPA set to expire in 2001, Senators Domenici and Wellstone introduced the “Mental Health Equitable Treatment Act of 2001”<sup>5</sup> (MHETA) to address the disparate coverage between mental health and medical benefits and close the loopholes of the MHPA. The bill was renamed in honor of Senator Wellstone after he perished in a plane crash in 2002, but has yet to pass Congress. Representatives Kennedy and Ranstad reintroduced “The Senator Paul Wellstone Mental Health Equitable Treatment Act of 2005” this year.<sup>6</sup>

The public overwhelmingly supports mental health parity. Some 83% of Americans believe insurance companies should cover mental health services equally to other services, and 78% believe it is unfair to place stricter limits on mental health services than on other services.<sup>7</sup>

A large number of mental health consumer and provider advocacy organizations have also expressed strong support for mental health parity legislation, including the National Alliance for the Mentally Ill, the American Hospital Association, the American Medical Association, the American Psychiatric Association, the American Psychological Association, and others.

Conversely, out of financial self-interest, insurance companies are highly opposed to this legislation. Their trade associations, including America’s Health Insurance Plans (AHIP) and the Health Insurance Association of America (HIAA), will lobby extensively against mental health parity legislation, arguing that the “legislation will raise the premiums employers pay for health insurance, which will severely damage business and

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<sup>2</sup> Coalition for Fairness in Mental Illness Coverage. State-by-State Breakdown of Mental Illness Parity Laws. [http://www.mhlg.org/chart\\_3-03.pdf](http://www.mhlg.org/chart_3-03.pdf)

<sup>3</sup> NAMI. Issue Spotlight: Mental Illness Insurance Parity. [http://www.nami.org/Template.cfm?Section=Issue\\_Spotlights&template=/ContentManagement/ContentDisplay.cfm&ContentID=13146](http://www.nami.org/Template.cfm?Section=Issue_Spotlights&template=/ContentManagement/ContentDisplay.cfm&ContentID=13146)

<sup>4</sup> PL 104-204.

<sup>5</sup> S. 543.

<sup>6</sup> H.R. 1402.

<sup>7</sup> Action Needed: Mental Health Parity. <http://www.cswe.org/projects/outreach/mentalhealthparity.htm>

the economy.” The Congressional Budget Office estimates, however, that premiums would only increase by 0.9%.<sup>8</sup>

The White House has recently supported mental health parity legislation as part of the President’s New Freedom Commission on Mental Health, but since President Bush endorsed mental health parity in a 2002 speech, the administration has done little to urge Congress towards action.<sup>9</sup> However, if Congress passes the bill, President Bush would likely sign it into law.

In Congress, the House bill has 213 cosponsors (183 Democrats, 30 Republicans). While this is nearly representative of the 218 votes the bill needs to pass in the House, the Republican House leadership has been largely responsible for barring the bill’s passage in the past, despite bicameral and bipartisan support. The Senate has yet to reintroduce the bill, although Sens. Kennedy and Domenici plan to do so in the near future.<sup>10</sup>

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<sup>8</sup> The Center for Public Integrity. Insurance Industry Battles Bill Mandating Mental Health Coverage. <http://www.publicintegrity.org/report.aspx?aid=180>

<sup>9</sup> Press Bush on Mental Health Parity. National Association of Social Workers. April 29, 2004. <http://www.naswdc.org/advocacy/alerts/2004/050104.asp>

<sup>10</sup> [http://www.counseling.org/Content/NavigationMenu/PUBLICPOLICY/HOTTOPICSLEGISLATIVEPRIORITIES/SUBSTANCEABUSEPARITYLEGISLATIONNEEDSSUPPORTERS/Mental\\_Health\\_Parity.htm](http://www.counseling.org/Content/NavigationMenu/PUBLICPOLICY/HOTTOPICSLEGISLATIVEPRIORITIES/SUBSTANCEABUSEPARITYLEGISLATIONNEEDSSUPPORTERS/Mental_Health_Parity.htm)

### **Senator Paul Wellstone Mental Health Equitable Treatment Act of 2005**

- Amends section 712 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 2705 of the Public Health Service Act to require any group health plan that offers both medical and surgical benefits as well as mental health benefits to administer those benefits equally.
- This includes equal treatment limitations (e.g., number of allowable visits, days of inpatient care), equal annual and lifetime payment limits, and cost-sharing (e.g., premiums, co-pays, co-insurance, and deductibles).
- Health plans are not *required* to cover mental health services or specific mental illnesses (e.g., substance abuse treatment is excluded in the legislation), but if they offer the coverage, benefits must be administered equally.
- Mental health benefits are subject to utilization review, pre-certification, and the use of medical necessity criteria, but excessive denials of claims may be considered non-parity.
- Parity is not required between in-network and out-of-network PPO services, if the network is adequately large enough to ensure that an individual has a reasonable opportunity to seek services in-network.
- Small employers (2-50 employees) and employers who self-insure are exempt from the law.
- The Comptroller General must conduct a study and submit a report to Congress on the cost of, and access to, health insurance coverage, the quality of health care, and the estimated cost of extending parity to treatment for substance abuse.

## **Recommendations**

### **Support the Mental Health Equitable Treatment Act**

While certain sectors of society (e.g., insurance companies and employers) claim that mandating mental health parity will be costly, the estimated costs to society of untreated mental illness are staggering. Insurers are likely to pass costs on to employers and enrollees, and premiums are expected to increase by 0.9 percent. However, any costs incurred by the private sector will more than likely be offset by the reduction in these societal costs.

The technical feasibility of implementing MHETA does not represent a significant challenge of any kind. While insurance companies and plan administrators will be required to make changes to plan provisions for mental health care services, all of the financing and delivery systems are currently in place.

The political feasibility of MHETA's passage is moderately high. There is a fair degree of bipartisan and bicameral support for this legislation, though the Republican leadership seems to be the most outspoken in opposition to MHETA.

Perhaps most importantly, supporting MHETA is the right thing to do. Despite a modicum of partisan bickering, and the influence of special interests, the evidence is clear that the mentally ill are being denied parity for mental health benefits at the expense of their health and great cost to society, and that legislative intervention is needed to control this unethical practice in the private sector. Denying parity for mental health benefits is unjust. Scientific advances have made denying mental health benefits as unethical as failing to cover treatment for setting a broken bone or treating hypertension. If there is evidence that two interventions do more good than harm, it is unjust to deny coverage for one solely because it is a "mental" rather than a "physical" benefit. It is unethical to oppose an intervention and thus perpetuate a system that withholds efficacious mental health care and consequently does more harm than good. Thus, it is time that the business of insurance treats the mind and the body as equals, and therefore, clinicians should support the Senator Paul Wellstone Mental Health Equitable Treatment Act of 2005.

#### **Push for Mental Health as a Mandated Benefit**

A drawback of MHETA is that it does not require health insurance plans to offer mental health benefits, but only applies to the equitable treatment of mental health benefits by insurers already providing some coverage. While this might be a necessary aspect of the provision in an attempt to mollify the insurance companies, it leaves the door open for insurance companies to stop providing mental health benefits altogether. Thus, there should be an effort to mandate that health insurers must provide mental health coverage as a plan benefit.